

8 December 2017

Mr Warwick Anderson  
General Manager  
Australian Energy Regulator  
GPO Box 520  
Melbourne Vic 3001

Lodged via email: [rateofreturn@aer.gov.au](mailto:rateofreturn@aer.gov.au)

Dear Mr Anderson,

**AER Discussion Paper: Profitability measures for regulated gas and electricity network businesses**

TransGrid welcomes the opportunity to make a submission to the Australian Energy Regulator (AER) in relation to the discussion paper on profitability measures in for regulated gas and electricity network businesses.

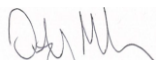
TransGrid is the operator and manager of the high voltage transmission network connecting electricity generators with major end users and distributors to service more than 3.5 million homes and businesses across New South Wales and the Australian Capital Territory. TransGrid's network is also interconnected to Queensland and Victoria, and is central to interstate energy trading.

TransGrid supports the submission made to the AER by Energy Networks Australia in relation to this discussion paper. In particular, we note that:

- » It is not possible to form a view on the appropriateness of profitability measures without understanding how those measures are going to be used.
- » Profitability measures suffer from comparability issues, particularly operating profits per customer and economic profit, across businesses of different size and customer types. It is not clear how these measures would be used as meaningful and comparative indicators across regulated gas and electricity network businesses.

TransGrid appreciates the opportunity to comment on the issues. If you would like to discuss this submission, please do not hesitate to contact Rachel Houston on (02) 9284 3336.

Yours faithfully



Anthony Meehan  
**Executive Manager, Regulation**